

AGENDA ITEM #4

TO: City Council

FROM: Bonnie Svrcek, Deputy City Manager
Donna Witt, Acting Budget Director

DATE: April 17, 2004

SUBJECT: Proposed FY 2003 Third Quarter Adjustments

Attached for your review and discussion are proposed revenue and expenditure changes to the FY 2003 budget.

An outstanding issue for discussion relates to street repaving. Due to the severity of this past winter, total snow-related expenditures in excess of budget amounted to \$276,118. The Reserve for Snow, Streets and Bridges is \$250,000. It is recommended that these funds be transferred to the Department of Public Works, Streets Division to offset the \$276,118 shortfall. The additional \$26,118 in additional expenditures is requested as part of the FY 2003 Third Quarter adjustments. Based on recent conversations regarding the condition of the City's streets, City Council will need to determine if they want to dedicate additional funding to street repaving this fiscal year.

As of March 31, 2003, the General Fund Reserve for Contingencies has a balance of \$960,909, prior to any Third Quarter adjustments.

A revised balance sheet for FY 2003 will be distributed at the work session.

Because the expenditure adjustments exceed \$500,000 (mostly due to an increase in State funding for Social Services), a public hearing will be necessary.

Staff will be available to answer any questions you may have.

c: Kim Payne, City Manager
Leadership Team

Attachments

	Adopted FY 2003	Amended FY 2003 as of 3/31/03	Third Quarter Adjustments FY 2003	Third Quarter to Adopted Variance +/-
UNDESIGNATED BEGINNING BALANCE	\$13,969,007	\$17,607,967	\$17,607,967	\$0
Use of Fund Balance	0	0	0	0
Use of Reserve for Non-Profit	561,881	561,881	561,881	0
Use of Reserve for Technology	0	292,682	292,682	0
Use of Reserve for Economic Development	0	550,000	550,000	0
Use of Reserve for Court Facilities	100,000	100,000	100,000	0
Use of Reserve for 27th Payroll	579,738	579,738	579,738	0
PROJECTED TOTAL FUNDS AVAILABLE	\$15,210,626	\$19,692,268	\$19,692,268	\$0

REVENUES**NON DEDICATED REVENUES**

Real Property	\$29,868,425	\$29,907,425	\$30,129,530	\$222,105
Personal Property	10,132,403	10,132,404	10,195,710	63,306
Public Service Corp	2,281,784	2,281,784	2,415,919	134,135
Consumer Utility Taxes	6,298,439	6,298,439	6,422,022	123,583
Local Sales Tax	11,210,857	11,210,857	11,058,744	(152,113)
Business License	6,332,811	6,332,811	6,200,335	(132,476)
Meals Tax	7,078,099	7,078,099	6,962,362	(115,737)
Delinquent Taxes/Penalties	1,706,668	1,706,668	2,066,300	359,632
Other Local Taxes	2,264,243	2,264,243	2,365,248	101,005
Motor Vehicle Licenses	1,269,057	1,269,057	1,269,057	0
Bank Stock Tax	978,765	978,765	677,392	(301,373)
Lodging Tax	1,150,000	1,150,000	1,200,000	50,000
Permit, Fees & Licenses	592,125	592,125	649,590	57,465
Fines and Forfeitures	745,000	745,000	550,300	(194,700)
Interest on Investments	1,017,182	1,017,182	562,862	(454,320)
Use of Property	512,883	512,883	476,983	(35,900)
Charges for Services	1,238,314	1,270,779	1,221,146	(49,633)
Misc. Revenue	205,005	166,005	167,783	1,778
Intergovernmental Revenues				
House Bill 599	2,460,920	2,460,920	2,390,309	(70,611)
Personal Property-State	5,455,909	5,455,909	5,489,988	34,079
Other	770,227	770,227	652,895	(117,332)
TOTAL NON DEDICATED REVENUES	\$93,569,116	\$93,601,582	\$93,124,475	(\$477,107)

REVENUES**DEDICATED REVENUES**

Indirect Costs & Services from Enterprise Funds	\$2,646,266	\$2,646,266	\$2,646,266	\$0
Intergovernmental:				
Constitutional Offices	2,337,074	2,337,074	2,214,934	(122,140)
Human Services	9,949,169	10,125,795	10,781,014	655,219
Highway Maintenance	6,797,764	6,797,764	6,990,512	192,748
Other	1,364,933	1,364,932	1,427,574	62,642
Interfund Transfers	229,095	430,095	428,745	(1,350)
Miscellaneous State Funding	803,563	803,563	753,618	(49,945)
TOTAL DEDICATED REVENUES	\$24,127,864	\$24,505,489	\$25,242,663	\$737,174
TOTAL REVENUES	\$117,696,980	\$118,107,071	\$118,367,138	\$260,067

EXPENSES

Operating-Departmental	\$68,391,440	\$70,948,598	\$72,369,609	\$1,421,011
Operating-Non-Departmental	10,644,914	11,068,107	10,442,380	(625,727)
Debt Service	5,589,200	5,589,200	8,481,000	2,891,800
Schools-Operations	27,025,411	27,025,411	27,025,411	0
Schools-Debt Service	4,401,015	4,401,015	0	(4,401,015)

RESERVES

Economic Development	300,000	300,000	300,000	0
Downtown Development	0	0	0	0
Health Insurance	195,000	195,000	195,000	0
Snow, Streets & Bridges	250,000	250,000	276,118	26,118
Contingencies	1,200,000	933,096	666,887	(266,209)
TOTAL EXPENDITURES	\$117,996,980	\$120,710,427	\$119,756,405	(\$954,022)

TRANSFER TO CAPITAL FUNDS

City Capital Projects Fund	\$2,189,167	\$2,189,167	\$3,528,667	\$1,339,500
Dedicated Fund Balance *			266,209	
Non-dedicated Fund Balance			14,508,125	
TOTAL FUND BALANCE	\$12,721,459	\$14,899,745	\$14,774,334	

Fund Balance Target 10% 11% 13% 12%

* Dedicated Fund Balance will be used to balance FY 2004.

FY 2003 Third Quarter Operating Expenditure Adjustments				ATTACHMENT B	
Revised April 22, 2003					
Expenditure Adjustments		Purpose	Amount		
General Fund					
Communications & Marketing Advertising		Summit on Safe Neighborhoods	2,191		
Lynchburg Health Department		Requested Funding less than anticipated	(14,406)		
Sheriff's Office		Transportation for TDO's	5,000		
Sheriff's Office		Damage to citizen's vehicle involved in accident	4,189		
Victim/Witness Grant		Offset with Grant Revenues	9,158		
Reserve for Streets and Snow Removal (1)		Budget deficit due to severe winter	26,118		
Social Services (2)		Accounting Adjustment Expenditures Offset by Revenues	607,998		
Juvenile Services (3)		Unfunded Expenditures due to Reduction in Funding from the State	166,154		
Juvenile Services (4)		Reclassification of Transfers Out to CSA Fund	611,321		
Police: Salary Savings			(98,250)		
Clothing Allowance			13,250		
Vehicle Maintenance and Equip.			85,000		
Fire Department		Ambulance Billing Office software license and temporary staffing	15,000		
Transfer Adjustments					
Reduce appropriation for Transfers Out for CSA Fund (4)		Account Reclassification	(611,321)		
Total General Fund Expenditure Adjustments			821,402		
Capital Improvement Program Fund					
City Cemetery Donation		Offset with Revenues	25,000		
Realignment of Debt Savings for the Stadium (5)		Increase in Transfer from General Fund to CIP	1,339,500		
Total CIP			1,364,500		
CSA Fund					
Classification of CSA Fund (4)		Reclassify as Charges for Service revenue	611,321		
CSA FY 2002 (6)		Balancing of FY 2002 Offset with Revenues	176,297		
Total CSA Fund			787,618		
Realignment of Schools Debt Service					
From the General Fund Local Contribution to the Schools to General Fund debt service budget for the Schools (7)		Recommendation of External Audit	4,401,015		
(1) Total snow-related expenditures are \$276,118. The Reserve for Snow, Streets and Bridges of \$250,000 will be transferred to the Department of Public Works.					
(2) This adjustment is to correct errors made when posting the FY 2003 Adopted Budget. Also, additional funding was received from the State for various programs to more than offset these expenditures.					
(3) This adjustment is to correct revenues and expenditures as a result of the Virginia Juvenile Services Community Crime Control Act (VJCCCA) funding reduction of 51% in FY 2003. The additional revenues from the State for Social Services will help offset these expenditures.					
(4) During the FY 2002 External Audit, it was decided that the CSA Transfer from the General Fund should be classified as Charges for Services revenue in the CSA Fund and expenditures in the Juvenile Services budget in the General Fund.					
(5) During the development of the funding strategy for the baseball stadium, with advice from bond counsel and the City's financial advisor, it was recommended that as much pay-as-you-go funding be identified to reduce the private activity issue with this project. Due to the timing of the 2003 bond issue, no principal and interest payment is required for FY 2003, thus resulting in debt service savings that can be reclassified as pay-as-you-go financing for the Stadium.					
(6) A reserve was set aside by the Fiscal Management Team a couple of years ago to be used for CSA if expenditures exceeded budget so that Council would not have to appropriate additional funds for the local match. These funds are needed to balance FY 2002. Revenue Maximization funds and a reimbursement from the State will also be used to balance FY 2002 CSA expenditures.					
(7) Governmental Accounting Standards Board (GASB) Statement #34 requires that assets and related outstanding debt must be accounted for in one set of financial records. The City received an Audit Management Letter comment regarding this situation during the FY 2002 audit. This adjustment is to realign this funding and accounting and comply with the Audit recommendation.					